

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 COME-00 NSC-10 NSCE-00 CIAE-00

INR-10 NSAE-00 RSC-01 PRS-01 DRC-01 /049 W

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R 200155Z OCT 73

FM USLO PEKING

TO SECSTATE WASHDC 869

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD, CH

SUBJ: BUCYRUS ERIE TO SELL MINING EQUIPMENT TO PRC

REF: STATE 174658

1. AFTER FIVE WEEKS OF NEGOTIATIONS, BUCYRUS ERIE (BE) AND THE CHINA NATIONAL MACHINERY IMPORT AND EXPORT CORPORATION (MACHIMPEX) SIGNED A PRELIMINARY PURCHASE AGREEMENT IN PEKING ON OCTOBER 19 FOR THE SALE OF DOLS 15 MILLION OF BE MINING MACHINERY TO THE PRC. MAJOR ITEMS INVOLVED ARE SEVEN LARGE ELECTRIC SHOVELS AND TWENTY-FIVE LARGE ROTARY BLASTING DRILLS. ALL EQUIPMENT IS FOR DELIVERY IN 1974. MACHIMPEX WOULD LIKE TO PURCHASE FIVE MORE DRILLS WORTH ABOUT DOLS 5 MILLION FOR 1975 DELIVERY, BUT BE IS PRESENTLY DISSATISFIED WITH THE PRICE MACHIMPEX IS OFFERING FOR THE ADDITIONAL MACHINES.

2. THE DEAL PROVIDES FOR TRAVEL BY CHINESE TECHNICIANS TO MILWAUKEE FOR TRAINING AT BE'S HOME PLANT AND BY BE TECHNICAL PERSONNEL TO CHINA TO HELP INSTALL AND ADVISE ON INITIAL OPERATION OF THE MACHINES.

3. SIGNING OF A FINAL CONTRACT WILL NOT COME FOR ABOUT ANOTHER MONTH, AFTER FURTHER DISCUSSIONS BETWEEN BE LAWYERS AND TECHNICAL ADVISORS AND MACHIMPEX. HOWEVER,

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SO FAR AS BE INTERNATIONAL SALES DIRECTOR JOHN WESTERMAN

(REFTEL) IS CONCERNED, THE DEAL HAS BEEN DONE AND HE IS RETURNING HOME. AS USUAL, WESTERMAN FOUND THE CHINESE THE "TOUGHEST NEGOTIATORS I'VE EVER SEEN." THE CHINESE SIDE INCLUDED ABOUT TEN MEN FROM THE ANSHAN IRON AND STEEL WORKS, WHERE SOME, BUT NOT ALL, OF THE EQUIPMENT WILL BE USED.

4. ABOVE INFORMATION IS COMMERCIALLY SENSITIVE AND SHOULD BE CLOSELY HELD.
BRUCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, AGREEMENTS, MINING EQUIPMENT, CONTRACTS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PEKING01245
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731019/aaaaanwt.tel
Line Count: 70
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: STATE 174658
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 28 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28-Aug-2001 by boyleja>; APPROVED <20 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BUCYRUS ERIE TO SELL MINING EQUIPMENT TO PRC
TAGS: ETRD, CH, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005